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*A free, virtuous and enlightened people must know well the great principles and causes on which their happiness depends. — James Monroe*

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## FARMERS BADLY HURT BY THE FALL IN PRICES

The Surplus of Cotton and Wheat Together With Declining Demand Breaks Market

### PRODUCTION CUT IS PROPOSED

Federal Farm Board Holds Large Stores Which Aggravate Price Situation

The recommendation of the Federal Farm Board last month that a third of the cotton crop should be destroyed lent to the cotton and wheat situation a touch of drama which brought the fact of crisis vividly before the nation. The price figures tell the story. Not in a quarter of a century has cotton fallen so low, and never in the nation's history has wheat reached its recent level. A few years ago the price of cotton was 35 cents a pound. Two years ago when it had gone down to 18 cents a pound the Farm Board declared the price too low and looked about for a remedy. Last month cotton sold for seven cents—just a fifth of the high price received six or seven years ago. During the war wheat sold for \$2.20 a bushel. The average price from 1924 to 1928 was \$1.20. The average price during 1929 was \$1.04. This summer the price fell below fifty cents a bushel in Chicago, and farmers in the great wheat belt received only twenty-five cents—less than half the cost of production by any reasonable computation.

Another picture of agricultural crisis may be had by glancing at the figures of farm income. A year ago, according to figures compiled by the Department of Agriculture, farmers were receiving 23 per cent more for their products (average prices) than they received during the five-year period, 1910-1914. They had to pay 49 per cent more for the things they bought. Accordingly, by selling their produce they could buy only 82 per cent as much as they could before the war. They were 18 per cent worse off.

#### A Picture of Distress

That was bad enough, but worse was yet to come. Last June the prices of farm products, instead of being 23 per cent above the pre-war level, were 20 per cent lower. The prices of goods bought by farmers had fallen, too, but were still 30 per cent above the 1910-1914 level. So farmers were able to buy, not 82 per cent of the amount they could purchase before the war, but only 61 per cent as much. They were 39 per cent worse off than they were fifteen or twenty years ago and 25 per cent worse off in buying power than they were six years ago.

Such are the cold figures. It requires no great feat of imagination to envisage the human effects—the bankruptcies, the homes abandoned, the chilling of hope, the decline in that standard of

## THE FARM BELT



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living to which Americans have become accustomed. But what are the causes of this situation? Let us first examine the case of wheat.

The farmers of the United States normally produce about 800,000,000 bushels of wheat a year. The people of this country normally consume about 600,000,000 bushels. These figures are, of course, not exact, but over a period of years they approximately cover the case. In ordinary years, therefore, about 200,000,000 bushels of wheat must be exported. Until recent years it has been possible to dispose of this surplus abroad and so prices have been maintained at a fair figure.

But a new element has come into the situation. During the war wheat production was stimulated everywhere. That policy has since been maintained. The world acreage of wheat has been increased 20 per cent. The four great wheat exporting nations, the United States, Canada, Argentina and Australia have increased their acreage 45 per cent, their production 50 per cent and their exports 119 per cent. The countries which were not producing much wheat before the war and which therefore furnished the markets for the exporting nations have also undertaken to encourage wheat production in order that they may not be dependent upon other peoples for their food supply. By

1923 they were inaugurating the policy of placing high tariffs upon wheat shipped in from abroad. The tariff on wheat in Germany is now \$1.62 a bushel. That much must be paid on every bushel of wheat imported from the United States or elsewhere. The tariff in France is 86 cents a bushel, in Italy 87 cents. Other restrictions are imposed upon wheat imports. In Germany the flour mills are allowed to secure only three per cent of their wheat from other countries. Ninety-seven per cent of it must be German. In Italy 95 per cent of the wheat used in the mills must be home grown, and in Sweden and France 85 per cent.

#### Increasing Production

So there is increased production by the great exporting nations and a closing of the market by the nations which have been importing. Two other factors must also be considered. Russia, which has done little exporting since the war because of the dislocations of industry incident to the revolution, is now getting back into the market and threatens to resume her old place as a heavy exporter. Her exports this year are probably about 80,000,000 bushels, which is half the pre-war figure. And then we have the world-wide depression which has reduced the buying power of

(Concluded on page 7, column 1)

## BRITISH PARLIAMENT IN CRITICAL SESSION

Budget Deficit Splits Labor Party and Forces Formation of a Coalition Government

### CREDIT OF NATION IS AT STAKE

Issue Over Budget Is Vital One and Parliamentary Battle Will Be Hard Fought

The British Parliament is assembling this week in London to tackle one of the most difficult problems that ever confronted a government in a time of peace. Its job is to save British credit; to stop the flow of gold from the country; so to order British finances that the government may pay its way as it goes. The failure to devise a program which would accomplish these results brought about the fall of the Labor Cabinet two weeks ago and led to the formation of a cabinet headed, like the previous one, by Ramsay MacDonald, but composed of members of the three parties. It is this non-partisan cabinet of Conservatives, Liberals and Laborites that goes this week to the House of Commons to enact legislation to meet the emergency.

A combination of circumstances contributed to the embarrassment of the financially dependable British. In the first place, the budget this year does not balance. Expenditures are heavy and receipts are light. The deficit amounts to \$600,000,000. The government is falling behind that much in a single year. Now a large deficit in the United States is not at all dangerous. Everyone in the country knows that our government could raise the additional money required to meet the deficit if it cared to. The money is here. We know it, and the world knows it. So our credit does not suffer when the budget does not balance.

#### The Deficit

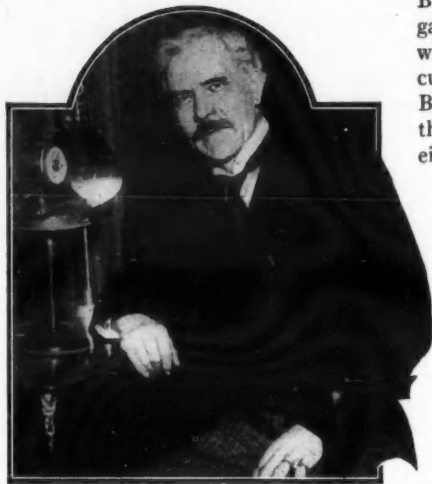
In Great Britain the case is different. The taxes there are already so heavy that investors are finding their capital increasingly unproductive so that there is a question as to whether the rates can be raised without fatally handicapping British business in its competition with foreigners. If the government, thus taxing the people to the bone, cannot meet its expenses, the situation is serious. It may go ahead borrowing money for a while, but the national debt is already so huge that an interest charge of \$1,500,000,000 a year must be paid on it. These additions to the national debt cannot go on forever without bringing on national bankruptcy. And if the government should ever be obliged to default in the payment of its debts, its credit would be gone.

Another circumstance that combined with the deficit to render the British position insecure was the German crash

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which came this summer. British investors had made very large loans to Germany. Part of this capital came from their own savings. Part of it had been borrowed by British bankers from the French at low rates of interest and re-loaned to the Germans at a higher rate. Certain bankers had made a business of that type of transaction. The lending of money to the Germans was a profitable enterprise so long as the Germans were solvent—so long as



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RAMSAY MACDONALD

the money could be withdrawn from Germany when needed. But that time passed last summer. Conditions in Germany were such that the British could not get their money out. It was tied up.

British financiers must have been worried about the situation last summer. The government was falling behind nearly \$2,000,000 a day and was having to borrow money. At the same time banks in England saw their reserves depleted because their funds were "frozen" in Germany. And here came a further complication. The British were not the only ones who were worried. Foreigners who had money on deposit in British banks were worried, too. They began to wonder whether their funds were safe. These creditors, particularly the French, began to call their money home. "What has been going on," said Prime Minister MacDonald in a radio appeal to the British nation, "is that people and institutions abroad who have money in this country have been withdrawing it in considerable amounts. They have been accustomed to deposit big sums in London for short periods because they had complete confidence that they could always rely on getting their money when they wanted it. Recently the confidence of lenders has been impaired and they have been withdrawing their money."

#### Danger to Credit

So we have here the ingredients of national emergency—a government forced to borrow enormous sums of money after having taxed its people apparently to the limit; depleted national funds due to "frozen" investments in Germany, and the demand of foreigners upon those depleted funds. The result was a real scarcity of gold in England. It threatened to be catastrophic. If much more gold were withdrawn, it appeared that the Bank of England would not have a reserve great enough to redeem the paper money which circulated in the country. England's currency system, it may be said, is similar to our own. Paper pounds correspond to our paper dollars. They have value because of the confidence of the people that they may be exchanged for gold. A certain reserve is necessary for the purpose of redeeming this paper. If the reserve in gold became so

low that the paper could not be redeemed, then England would have to abandon the gold standard. The paper pound, no longer exchangeable for gold, might conceivably fall in value as the paper mark did in Germany in the years following the war. That possibility was suggested by Prime Minister MacDonald.

If such a thing should happen, the whole system of money and prices in the country would be disarranged. The British could no longer pay their obligations to foreigners in gold. Trade with the outside world would be difficult. This would be a disaster to the British because their prosperity, in fact their very livelihood, depends upon foreign trade. So the financial emergency brought with it the threat not only that the government would be embarrassed, but that individual fortunes would suffer and that the depression would bear down upon the people of England with an even heavier hand than that which is now laid upon them.

#### The Budget Problem

In this emergency the British government called upon French and American bankers for help last month, and they received a short-term loan of \$250,000,000. A renewal of this loan was soon needed, but foreign bankers were indisposed to extend further credit until they could be sure that there was a prospect of repayment. In other words, it became apparent that the British could not get from the French and Americans sufficient money to tide over the crisis unless they took steps to put their house in order—unless, in short, they should set out at once and by drastic measures balance their budget.

The problem was how the balance could be effected. How could revenues be made to meet expenses? Should the revenues be increased by heavier taxation, or should expenses be cut down by rigid economy? If economy were chosen as the road to a balanced budget, what governmental expenses should be pared down? This issue split the British nation into something like a class conflict. It divided Prime Minister MacDonald's cabinet and left him without a united party. Under the circumstances he

could not carry on a party government, so he was obliged to resign. The king asked him to form another cabinet composed of leaders of all the parties, and that he did. Among his present associates are his colleagues in the retiring cabinet, Philip Snowden and J. H. Thomas—two Laborites who stood by their leader. There is Stanley Baldwin, leader of the Conservative Party and former prime minister. There is Herbert Samuel, who leads the Liberal Party in the absence, through illness, of David Lloyd George.

#### The Dole Issue

Now let us consider the central issue which gave rise to the political storm. Prime Minister MacDonald decided that the government must cut its expenses. The Conservatives agreed with him. So did the Liberals. His own party would have stood for certain kinds of economies, but it would not agree to the kind which seemed to MacDonald, to the Conservatives and the Liberals to be necessary; that is, a decrease of ten per cent in the amount which should be paid in unemployment benefits to those who are out of work.

This unemployment insurance policy, or the "dole" as it is called, had much to do with the development of the deficit. It has been in effect for a number of years. Employers, workers and the government contribute to a fund out of which payments are made to workers who have no jobs. This plan works without great strain when a relatively small number are out of work. But in a time like the present when two and a half million are unemployed, the expense of maintaining the fund is very heavy. As a matter of fact, there is not enough money in the fund to meet the payments. It is falling behind at the rate of \$5,000,000 a week, and the government is obliged to furnish these added sums in order to keep the dole in operation.

Prime Minister MacDonald, leader of the Laborites, came regretfully to the conclusion that the national emergency required that the dole should be cut ten per cent. It was figured that this would make up for a third of the deficit. MacDonald argued that the reduction would not constitute an unreasonable blow to the unemployed, since the

cost of living during the last two years had fallen 11½ per cent. This policy is stoutly opposed by a faction of the British Labor Party—probably by a vast majority of them. This party is made up to a considerable extent of trade unionists. These labor unions do not make up the whole of the party, but in many districts they nominate the candidates who run for Parliament on the Labor Party ticket. When these candidates are elected, they are held to be responsible to the trade unions. They follow the principles adopted by trade union congresses. In the present Parliament 130 members are trade unionists of this sort—representatives directly of organized labor. This is almost half the membership in Parliament of the Labor Party. Other members of the Labor Party sympathize with these trade unionists. This faction of the party opposed the cut in the dole bitterly. They call MacDonald a traitor and threaten his expulsion from the party. Arthur Henderson, the retiring foreign secretary of Great Britain (see page 5) is generally recognized as the leader of this group of Laborites.

#### Labor Opposition

Despite this opposition within the Labor Party—this opposition which brought about the fall of the Labor government two weeks ago—it is likely that Prime Minister MacDonald and his newly formed cabinet will push through the dole cut. Other economies may be found in a ten per cent reduction of the salaries of teachers, policemen, firemen and other public officials. Still another possibility is a ten per cent tariff duty.

The Laborites, now sitting on the opposition benches, are fighting the new cabinet's program. They contend that the sacrifice called for to balance the budget is not equal—it is, they say, being borne by the poorer classes—the unemployed, the teachers, the naval yard men, the sailors. They object because funds for education, research, maternity care and other social services are curtailed, while nothing is taken from the army and the navy, and because taxes which would affect the profits of investors are shunned. We have here the makings of a political controversy which goes to the roots of economic and social philosophy.



HOUSES OF PARLIAMENT  
Parliament is now assembling under its new leadership to wrestle with the problems of British credit.

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WILLIAMS COLLEGE, WILLIAMSTOWN, MASSACHUSETTS

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In this quiet little college town, far removed from the political and industrial turmoil, the Institute of Politics meets once a year. National and international leaders of economic and political thought engage in discussions of the great problems of the day. A few of the outstanding contributions of this year's conference are summarized on this page.

## Problems of World-Wide Importance Studied At Institute of Politics

Political, economic, and social problems of world-wide importance were discussed by distinguished speakers at the eleventh annual session of the Institute of Politics at Williamstown from July 30 to August 27. Taxation, disarmament, depression, reparations, and inter-allied debts were among the subjects on the agenda of the Institute. Starting with the opening address of Newton D. Baker, secretary of war in Wilson's cabinet, who made a plea for simultaneous tariff reductions on the part of the great powers in order to remove the economic irritations that lead to war, the conference enabled a large number of experts to air their views on national and world affairs.

Among those who spoke was Professor Jacob Viner of the Economics Department of the University of Chicago. Declaring that the present policy of the United States Treasury is "basically unsuited to the conditions of the moment," he added:

Tax heavily, spend lightly, redeem debts, are sound treasury principles during a period of dangerously rapid business expansion; tax lightly, spend heavily, borrow, are equally sound treasury principles during a period of acute economic depression. In the light of the conditions of the moment, our so-called sound "principles" of finance really rest in the main on formulae which are traditional, orthodox, and revered, but nevertheless unsuited to the conditions of the moment.

The time for "economy," for restricted expenditures, for increased taxation and liquidation of outstanding indebtedness is when a policy of this sort may act as a brake on an incipient boom. But when business activity is declining or is stagnant and at a low level, increased expenditures, reduced taxation and budget deficits are, from the point of view of the national economy as a whole, sound policy rather than unsound.

Professor T. E. Gregory of the University of Manchester, commenting on the efforts to stabilize prices in a falling market, a problem which is particularly pertinent at this time because of the activities of the Farm Board, had this to say:

Any valorization scheme involving the withdrawal of large quantities of goods from the market, the future of which is uncertain, weakens the market more than it strengthens it. People buy hand to mouth, as they never know when the authorities will put the surplus on the market. Therefore the more uncertain the market, the more you have to take off the market, and ultimately the scheme breaks down.

In any valorization scheme you have got to control the price. If you keep up the price when it would be low in a free market it is an invitation for the farmer to produce more. The more he produces the more there is to take off the market. A world crop like wheat

which can be produced all over, cannot be stabilized at all. The only method of control is a control of acreage and that is difficult.

Speaking on our American capitalistic system and the depression that has settled over the country, Huntington Wilson, assistant secretary of state under President Taft, said that "the issue is clear," the issue being whether—

American capitalism is to be run exclusively for profit, or for reasonable profit and for a good life for the American people. The American capitalism of today is hardly a system. It is a wasteful catch-as-catch-can scramble for money. The motto is "equality of opportunity." The tragic and comic result is famine as the result of plenty.

The necessity for putting teeth into the Kellogg Pact was still another object of discussion. James Oliver Muddock, legal adviser of the State Department, asked his audience to remember the plea for disarmament made by President Hoover. Speaking of the Kellogg Pact he went on to say:

Hand in hand with progressive disarmament, provision must be made to perfect methods for international pacific settlement if the pact is to be implemented in good faith. If nations in time of tranquillity do not organize practicable machinery for the pacific settlement of all disputes which may arise, it is almost too much to hope that they can do so at a time when dark clouds of international misunderstanding arise.

Some of the means suggested for making the Kellogg Pact more effective were the further limitations of armaments, the entrance of America into the World Court, the creation of more agencies to assist in arbitration between nations, and the setting up of an embargo upon all exports to that nation which makes an attempt at violating the pact.

### FRAUDULENT ADVERTISING

"A great deal of exaggeration" is being practiced in the advertising and labeling of various food products, it was recently announced by the Federal Food and Drug Administration. It was particularly stressed that certain companies have been taking advantage of public ignorance of vitamins by advertising and announcing that their particular products contain those necessary health ingredients. The cases in which individuals suffer from lack of vitamins are comparatively rare in the United States, it was reported by this department of the government. In those cases where it prevails, however, only a correct vegetable diet is capable of pro-

viding the necessary vitamins. This is also true of spring fever which, although a very common ailment, can best be combated by a balanced diet, plenty of exercise, and sunshine.

### OIL CONTROL

The chaotic condition of the oil industry in the United States was recently called to the attention of the public through executive orders issued by Governor Sterling of Texas and Governor Murray of Oklahoma. Overproduction and waste had put the entire industry in a precarious position. In 1921 crude oil had sold for \$3.50 a barrel. By February of 1930 the price had dropped to \$1.20 a barrel, and from this point it continued to drop in successive stages to 95 cents, 60 cents, and by July of this year the official quotation on crude oil was 12 cents a barrel. This sickening drop was the direct result of overproduction in East Texas, where, disregarding the thought of conservation of natural resources, oilmen were turning out over four million barrels a week.

Overproduction of oil in East Texas affected the industry throughout the country. Not only were complaints heard from producers in those areas that were forced to sell their oil at lower prices because of the vast amounts put out by the Texans, but state legislatures and governors were also irked with the state of affairs. They had begun to feel the loss in revenue that they customarily received on oil, but which was drastically reduced through the new low price levels. Governors Sterling and Murray finally called a halt to further production, establishing martial law in the oil fields. Since that day the price of oil has steadily gone up, offers of \$1.00 a barrel having been reported in Oklahoma.

Beyond the question of price there looms what many people consider to be the even more important consideration of conservation. The case against waste implied in the oil war that has just been concluded through orders of Governors Sterling and Murray is stated by R. C. Holmes, president of the Texas Oil Company:

It is roughly estimated that the waste in the producing branch of the industry alone, in a period of a little over twenty years, has been upward of four billion dollars. . . . And to a very large extent this waste continues, probably the greatest being in the waste of gas, which waste is now fully one-third of the quantity being consumed.

### ALIENS VINDICATED

The Wickersham Commission in its fourteenth statement to President Hoover, reports, on the basis of a study of over four million criminal cases, that the preponderant proportion of the crime in the United States is due to native-born individuals. High criminal rates were also found to exist among the Negroes and Mexicans resident in this country, and although the Commission did not have sufficient evidence to confirm its belief, the available statistics pointed to a high criminal rate among the first generation descendants of aliens. Regarding the aliens themselves, Dr. Edith Abbott of the University of Chicago, and chief of the Commission's experts, had this to say:

It is easy to shift the responsibility for what is wrong by charging it upon the nationals of other countries. It is easier, for example, to charge our crime record against im-

migrants than against an inefficient and corrupt system of police and an outworn system of criminal justice.

The report of the Wickersham Commission elaborated Dr. Abbott's point of view, and added that its findings indicated a possible defect in our assimilation process. A pertinent paragraph from the report is quoted:

There was always present a temptation to rally public opinion around the cry of "America for Americans." At various points in our history this impulse has become especially acute and had important political and economic consequences. But, in the historical perspective of this impulse, it is interesting to note that each time the outcry is raised, the "Americans" for whom "America" is to be reserved, include the descendants of a former generation of immigrants against whom the same outcry was earlier raised as a basis of discrimination or exclusion. Each generation of immigrants has had to be freshmen in the college of American citizenship. As they have advanced to the dignity of juniors and seniors, they, in their turn, have had the common disposition to regard the freshmen of their day as peculiarly unpromising, if not dangerous college material.

Other sections of the report are given over to a further discussion of the "third degree," a subject that had been treated in a previous Wickersham report.

### INDUSTRIAL CHANGES

An announcement has been made by the Baird Television Corporation that television broadcasting will be inaugurated in a few weeks, and that receiving sets will be on the market, selling for about \$100. For several months the advent of television has seemed to be just around the corner. It has been demonstrated successfully in laboratories and it has been freely predicted that it would soon be introduced into homes. It may be that this dream will shortly become a reality. Then it will be possible for one to sit at home and see a football game or a vaudeville performance.

This announcement is interesting not only because it promises a spectacular form of entertainment but also because it suggests the possibility that a new industry, the manufacture and sale of television apparatus, may be at hand. If so, work will be furnished to many men as is always the case when new industries are developed.

Another new industry now making headway is the manufacture and installation of cooling systems by which houses may be kept cool in summer. Many theaters and office buildings now have this equipment and it is predicted that it will be made available for use in residences.



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### AN OKLAHOMA GUSHER

A contributing cause of the overproduction of oil. This is one of the wells whose closing down has been forced by martial law.



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### REVIEW OF THE WEEK

GENEVA, Switzerland, becomes this month a forum for the threshing out of international problems and issues. The sixty-fourth session of the League of Nations Council met on September 1. Two days later the Commission of Inquiry on European Union came together. September 7 saw the twelfth annual League of Nations Assembly in session. These meetings, attended as they are by the responsible leaders of the member governments, take on an unusual interest this year because of the political and economic crises through which a number of nations are passing.

WITH winter only a few weeks away the problem of unemployment relief is claiming the attention of the administration and the public. The seriousness of the situation is recognized. Suffering becomes more acute as the reserves of unemployed families are exhausted through the long months of suspended income. President Hoover has not departed from his policy of insisting that the funds for relief shall be supplied by state and local governments and private charitable organizations. He does, however, plan that the national government shall assist in the organization of the work. To that end he has appointed Walter S. Gifford, President of the American Telephone and Telegraph Company, to take charge of a relief committee of about sixty prominent citizens representing the different sections of the country.

This committee is to coordinate the work of the local organizations. Plans of relief which have worked well in one community will be suggested to others. Recommendations will go out that funds be made available to communities which are unable to care for their local situations. Arrangements have been made for relief drives throughout the nation from October 19 to November 25. By setting a given time for all these drives the committee hopes to give the relief campaign the character of a national crusade which will furnish an impetus to the efforts in every locality.

The inauguration of this program has been made the occasion for a renewal of the agitation in many quarters for direct relief from the Treasury of the United States Government. Governor Pinchot has added his voice to the chorus of demands that a special session of Congress be called to act in the national emergency. It is the contention of

those who ask for a meeting of Congress that the state and local governments, limited as many of them are in their taxing powers, are unable to raise the necessary funds, while the national government has great resources at its command.

A COMMITTEE of international bankers has investigated conditions in Germany and has made public a report. This committee was made up of bankers from the different nations. At the head was an American, A. H. Wiggin, president of the Chase National Bank of New York. The significance of the report lies in its being an expression of authoritative financial opinion as to the state of Germany following the moratorium, and as to the course which must be pursued if that nation returns to normal prosperity.

The report brushes aside the optimistic assumption that the year's breathing spell afforded by the Hoover moratorium settles Germany's problems. It intimates that the relief is only temporary and that another crisis will appear when the time for the resumption of reparations payments comes. The bankers advise that the whole question of reparations be re-examined so that "international payments to be made by Germany will not be such as to imperil the maintenance of her financial stability."

But the revision of reparations is not enough, according to the Wiggin Committee. Even more essential than a changing of reparations figures, is the establishment of a coöperative spirit between Germany and the other nations. German credit will not be sound until mutual confidence and good will are restored.

Finally, these international bankers argue that economic recovery can come only if trade restrictions are modified so that commerce among the nations may be carried on more freely. The report says:

The case of Germany provides a most forcible illustration of the fact that in recent years the world has been endeavoring to pursue two contradictory policies in permitting the development of an international financial system by annual payment of large sums by debtor to creditor countries, while at the same time putting obstacles in the way of free movement of goods.

So long as these obstacles remain such movements of capital must necessarily throw the world's financial balance out of equilibrium. Financial remedies alone will be powerless to restore the world's economic prosperity until there is a radical change in this policy of obstruction and international commerce—on which depends the progress of civilization—is allowed its natural development.

FAMINE, flood, revolution and disease have in recent years persistently swooped down like Harpies to prey on a disorganized China. At present, the Yangtze river, turned into a raging monster by heavy rains, has devastated the surrounding districts in the interior part of the country. The possessions of millions, it is estimated as many as thirty, have been swept away. Thousands upon thousands have succumbed to the ravages of the floods. Disease is rampant, and relief because of the backwardness of China is difficult to accomplish.

So accustomed have we become to hearing of disaster in China, that the tale of each recurrent catastrophe is impressing us less and less. The Balti-

more Sun, in painting a picture of the conditions about Hankow, emphasizes this point:

So constant have been the ills that she has suffered and so various their modes that they seem to have blunted the very edge of sympathetic feeling. The present Hankow flood disaster serves as an example. By all accounts conditions over a great area in Central China are appalling. Thousands of Chinese have died. A full 1,000 were destroyed in the barracks of Wuchang alone when a fresh break in the dike against the Yangtze was made. Some 400,000 are still crowded into hills, with only the polluted flood waters to drink. Junks sail over the top of once populous cities and towns. There is no food. Disease ravages the survivors and fear of a typhoon drives them crazy with panic. It is a situation which, if it existed in any other nation, would terrify the world. But it is in China. And China of late years has seemed so much a breeding place of calamity that this catastrophe today barely attracts the attention of the average American or European.

But with all this, the forces of nature were not done with China. On August 25, one of the worst typhoons in nearly thirty years struck the city of Shanghai. Water, waist deep, took possession of parts of the principal business section of the city, adding to the already acute anxiety prevalent throughout the country.

CUBA is again afflicted by revolution. The government of President Machado, which has long been criticized, is now under attack. Revolutionary armies are in the field. Guerilla warfare is in progress. Several hundred soldiers have been killed. What does all this mean? It is hard to tell. News from Cuba is censored. There are conflicting stories regarding Machado's government and the motives of the revolutionists. Walter Millis, author of "The Martial Spirit," a very popular recent book dealing with our early Cuban relations and the war with Spain, makes this observation concerning the present situation in Cuba:

Alike in the dispatches from Havana in the announcements of the Cuban government and in the pronouncements of the local agents of the Cuban insurrection it is impossible—for one trained in our own habits of political thought—to discover any issue that would seem to justify the plunging of one's country into the barbarities of civil war. It is true that Cuba at the moment is prostrate under a disastrous economic paralysis; but nothing is more certain than that a civil war can only intensify it, and that a revolutionary government could do no more to remedy it than the existing one. It is doubtless true that President Machado has been extravagant, but no extravagance has been charged against him comparable to that which reigned through the dozen years which preceded his assumption of power, while the results of his expenditures have been far more tangible than those of his predecessors. No great issue of policy appears in the statements of the opposition. No issue appears at all, in fact, except that of "liberty" against "tyranny." What does it amount to? There seems little question that President Machado has been, in the exact sense of the word, a "tyrant." He has exercised a high-handed disregard of the constitution and laws, he seems to have governed by a mixture of autocracy and bribery, and he may be responsible for some of the atrocities alleged against him. Almost certainly he is not responsible for all of them—for the air of Cuba has been too fertile in atrocities through the last forty years for all of them to be genuine.

TWO developments coming one upon the other give a brighter outlook to the successful termination of the Indian Round Table Conference, scheduled to take place in London early this month. Ramsay MacDonald's temporary continuation as prime minister of Great Britain will help to assure a conciliatory attitude on the part of the British Government. Coupled to this, the recent declaration on the part of Mahatma Gandhi that he will be present at the conference gives added hope, for Gandhi has been able to negotiate

successfully with the British while at the same time maintaining the confidence of his own people.

Gandhi had previously announced that he would not go to London, because of his contention that the Delhi Armistice which he had signed with Lord Irwin last March had been violated. His change of mind was brought about by a realization that he could best serve the interests of India by attending the conference.

AS time goes on it is becoming more and more apparent that the month of July was one of the most critical Europe has experienced for many years. Financial difficulties spreading swiftly from one country to another caused the very foundations of continental stability to tremble. Hungary did not escape the storm. Like other countries, she succumbed to a policy of extravagant spending and was brought to a point where only a loan could tide her over her troubles. The financial crisis resulted in a political crisis. Count Bethlen, for ten years premier, tendered his resignation late in August and a new cabinet was formed by Count Julius Karolyi.

While it may seem, in the light of other European difficulties, that Hungary's troubles are of a minor character, they may have a far-reaching political consequence. Count Bethlen had pursued a policy of coöperation with Italy, and was an important factor in the block of nations seeking a revision of the peace treaties. He had hoped to conclude a customs union with Austria with the expectation that it would be extended to Germany. But his plans in this respect were shattered by the announcement that Austria and Germany intended to form an independent union, which project served to isolate Hungary.

France was determined that no such Central European coalitions should be made. Through her financial power she was in a position to dictate to those countries which had money troubles. The Austro-German customs union has not yet become an accomplished fact and may not be concluded. When Hungary was in need of a loan, there was no country to which she could turn other than France. Great Britain was surely not in a position to help her.

While no details have been made public, it appears that in agreeing to make a loan to Hungary, France imposed rigid political conditions which will prevent Hungary from aligning herself with any French opposition. Count Bethlen, unwilling to submit to French domination, resigned, and France seemed again to have won a victory in Europe.



—Kirby in the N. Y. World Telegram



# Henderson Says Students Can Help Mold Sentiment for Disarmament

**President Designate of Disarmament Conference in a Special Interview With The American Observer Says People Will Get What They Demand**

Arthur Henderson, president designate of the World Disarmament Conference which is to meet next February in Geneva has long been prominent in British political life. He was the leader of the Labor Party during the war and served in Premier Asquith's coalition cabinet. He has been a member of two cabinets since that time. He served as foreign minister under the second MacDonald government and retired from that position with the formation of the coalition government two weeks ago. As foreign minister his work in behalf of disarmament was outstanding and at the May meeting of the League of Nations Council he was unanimously elected to the presidency of the forthcoming conference. This is the first of a series of interviews and statements which will be carried as a weekly feature of THE AMERICAN OBSERVER.

"Seldom in the life of mankind has a generation known in advance of the event that a decision affecting the whole course of history awaits its free choice."

Thus spoke the Rt. Hon. Arthur Henderson, M. P., British president-designate of the coming World Dis-

armament Conference. He said that the delegates at the Disarmament Conference will themselves decide this, and literally that is true. But the decision will be heavily weighted by the press, the pulpit, the radio, the cinema, and the educational institutions of the civilized nations of the world, where is formed that public opinion of which the statesman in this democratic age must be the servant. Above all, perhaps, the responsibility lies in the universities, colleges and schools of the different nations. There, relatively free from the pressing duties which absorb the vitality of most men and women in their adult lives, are those who can study this question of disarmament on its merits.

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"As a result of their study the weight of youth will be thrown into the scales either for progress or for retrogression. But if the coming generation in every country wants peace, and makes its wish vocal, peace will not be denied it by the national delegates at Geneva. The character of popular opinion at home in the several countries cannot fail to be a factor of influence upon the work and results of the conference."

Mr. Henderson agreed that the conference will probably be of several months' duration, and added that "at first glance it will no doubt appear to be dealing only with highly technical, dull, and uninteresting problems. Ratios of tonnage between warships, formulae for relating one type of armament to another, comparisons between military, economic and in-

ment at the Peace Conference of Paris in 1919. Many of those leaders who first planned it, like Woodrow Wilson, Gustav Stresemann, Fridjof Nansen, and many another historic figure of our age, have passed on before the goal of their work could be reached. Other protagonists of this great cause will die before the promised land is gained. But the vacant places will immediately be filled by new leaders who will step forward to keep the flag of international coöperation from falling again as it fell in 1914. In this great struggle between the finer and the baser elements of human nature, enlistment is not for a few months but for the duration of a truly epic conflict. The coming conference will at best be only a long step in the progressive limitation of armament by international agreement. And those who will carry the work further towards completion are now beginning to prepare themselves for the task."

Mr. Henderson went on to say that the issue which will be joined at Geneva in February is not between nation and nation, nor between the races nor the classes of mankind. "It is between those who have the will to see the scourge of war eliminated, and those who would see its age-old challenge to human advancement maintained. In this struggle there can be no neutrals, for those who do not work for disarmament are, by their apathy, encouraging the present system of national military preparedness based on the assumption that further war is inevitable."

"There is no need to argue the economic desirability of armament reduction in a world weighed down by taxation for war purposes. There is no need to emphasize the solemn responsibility to disarm which is implied in the adoption of the Kellogg Pact. What should be stressed is the vital importance, before the conference convenes, of making the popular demand for reduction insistent. Within the past few years students in schools and colleges throughout the world have heard much about their duty in the matter of preparedness for war. It is high time that energetic consideration should be given to the more urgent duty of preparedness for peace. Surely this is a form of preparedness in which those who have the privilege of higher education should assume the leadership." F. M.

## SOMETHING TO THINK ABOUT

Civilization will save itself; but it will depend on its intellect not on its emotions. . . .  
—St. Louis DAILY GLOBE-DEMOCRAT.

After the war debt moratorium expires, Americans can use their surplus cotton to stuff their ears to shut out the wails of Europe for an extension of time.  
—Sioux City TRIBUNE.

Men seldom, or rather never for any length of time and deliberately, rebel against anything that does not deserve rebelling against.  
—Carlyle.

More people would change their minds oftener were it not so inconvenient.  
—Dr. John W. Holland  
in St. Paul PIONEER PRESS.

A carpenter in Glasgow, Scotland, has built an automobile which he hopes will fly. Meanwhile, American motorists try to accomplish the same result without special equipment.  
—Salt Lake TRIBUNE.

It is probably a fact (though the point is arguable) that since Napoleon's invention of modern war each great conflict has left even the victors with a greater sense of loss and a smaller sense of gain than the preceding one.  
—New York HERALD TRIBUNE.

We are all meditating in the business world whether there will be any fittest when the survival comes.  
—Thomas L. Chadbourne.

Mankind has, by his brain power, organized a system by which ENOUGH of the comforts and even luxuries of life can be provided. But his intellect yet falls short in developing a means for all men (who will work) to share in them. . . .  
—St. Louis DAILY GLOBE-DEMOCRAT.

Secretary Mellon declares everybody should pay an income tax, but it makes a lot of difference to the ordinary person whether the tax is lowered to take him in or his earnings go up to get into the tax.  
—Portland MORNING OREGONIAN.

The film is a useful and valuable substitute for the slate, the abacus, and the blackboard, but it will never be a substitute for that only source of true education, the good teacher.  
—London TIMES.

Spanish stamps still bear the portrait of Alfonso XIII and the republican postmasters are probably doing a right good job of cancelling.  
—Pittsburgh POST-GAZETTE.

One is free when one has enough courage to sacrifice everything for the freedom of one's soul.  
—Roman Rolland in NATION.

"What are your opinions on this subject?"  
"I'm not sure," replied Senator Sorghum.  
"A lot of mail has come in from my constituents that I haven't yet had time to open."  
—Washington STAR.



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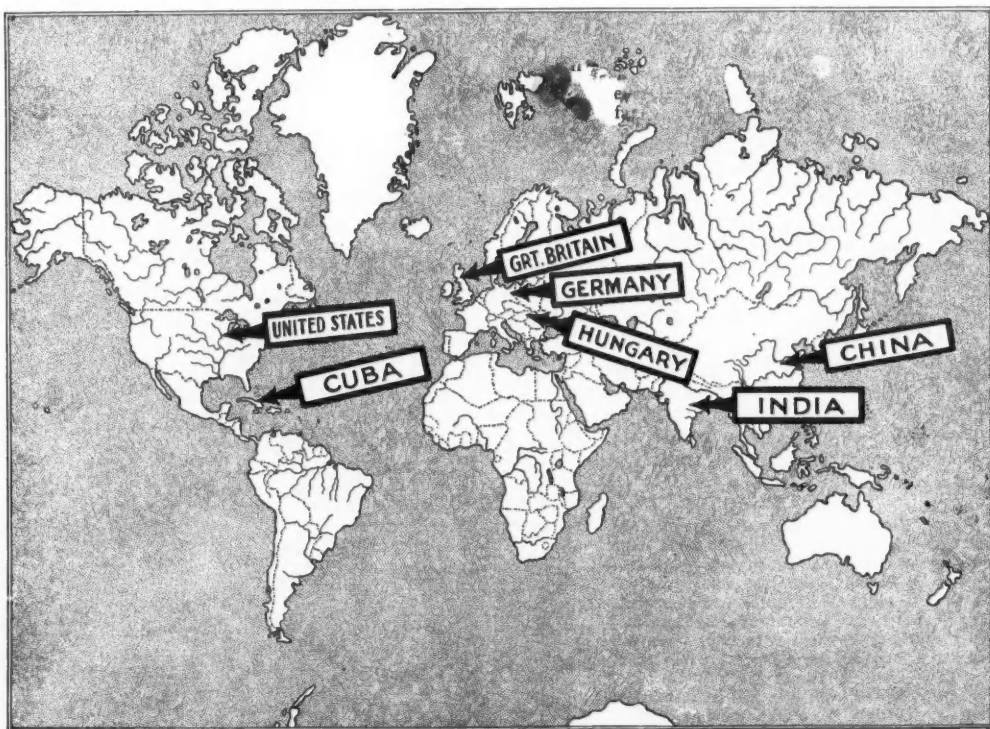
ARTHUR HENDERSON

armament Conference. I was fortunate in meeting Mr. Henderson in the British Parliament, a few days before the cabinet crisis which brought his resignation as Secretary of State for Foreign Affairs, and over a cup of tea he was good enough to consent to talk to me about the vital importance of disarmament.

Mr. Henderson proceeded to lay stress upon the opportunity now available for conscious and concerted action.

"Most of the great changes of human history, such as those ushered in by the fall of the Roman Empire, the discovery of America, the French Revolution, or the World War came," he said, "without any real forethought on the part of the principal actors as to the consequences which would result from the parts they played. But the World Disarmament Conference which meets at Geneva next February is in a very different category. For we know now, weeks before it is due to assemble, that on its outcome will very largely depend the destiny of the generation now growing to maturity. The delegates from over forty nations who gather at Geneva this winter will themselves decide whether the lives of young men all over the world shall be spent in constructive, coöperative effort to the end of the advancement of the human race, or

"The Disarmament Conference," he continued, "has years of arduous preparation behind it. The development of the program has been a responsibility of the League of Nations since its establish-



COUNTRIES IN THE NEWS

The United States wrestles this week with the problem of unemployment relief. Cuba is the scene of revolution. Parliament meets in Great Britain with a new cabinet. A bankers' committee reports that Germany must have a new reparations deal. The Hungarian premier resigns. Floods devastate China. Gandha decides to attend Indian Conference in London.

Prepared for THE AMERICAN OBSERVER





THE event of today is the product of the past. It can be understood only if they are understood. Similarly the events of a past period are but links in a chain. They lose their significance if regarded as mere isolated links—if the chain itself does not come within the range of vision.

**Past Events  
Related to  
Present  
Problems**

There is a vital connection between the facts which we read about in our histories and the facts and problems which we read about in our newspapers. It is the purpose of THE AMERICAN OBSERVER to throw a light, wherever possible, upon that connection. Such is the special function of the department "Social Science Backgrounds."

Our plan is to examine, from week to week, the material usually presented in the history and social science courses and to relate these facts or principles to problems of our own time. An effort will be made to give definite help to history classes by dealing each week with the periods which are then being studied in the history courses. For example, we assume that most high school classes in American history will, during the first week of school, be studying about the explorations. The students will be reading of the exploits of Columbus, of Sir Walter Raleigh, of the Spanish and Portuguese explorers. College students taking general courses in American history will be doing the same thing. Accordingly we begin our work of correlation by studying the permanent significance of the exploring epoch.

**The  
Method of  
Procedure**

Of course we will not hit the right period for all classes every week, but satisfactory results may nevertheless be obtained through the cooperation of those of you who are using this department. If we deal with a subject before you have reached it in your class, you may put the paper aside until the class catches up. If we deal with it after your class has gone on to something else you may handle this correlating work in review. It is not so easy to judge from week to week what the European history, and the economics and civics classes may be taking up, for these courses are not so definitely standardized as the American history. With the cooperation of our readers, however, we believe that much can be done in these fields by way of relating classroom material to contemporary problems.

The era of exploration is sometimes looked upon as a series of incidents, thrilling and romantic—interesting of themselves yet unrelated to the present. These events take on a new meaning, however, when regarded as parts of a continuous process. The significance of the period is set forth as follows in the first paragraph of Beard and Beard's "The Rise of American Civilization."

**Two Links  
in a  
Chain**

The discovery, settlement and expansion of America form merely one phase in the long and restless movement of mankind on the surface of the earth. When the curtain of authentic history first rose on the human scene, tribes, war bands and armies had already seared plains and valleys with their trails and roads and launched their boats on the trackless seas. Viewed from a high point in time, the drama of the races seems to be little more than a record of immigrations and shifting civilizations, with their far-reaching empires—Babylonian, Egyptian, Persian, Abyssinian, Athenian, Roman, Mongol, Turkish, Manchu—as fleeting periods of apparent pause and concentration in the universal flow of things.

But what is the present significance of such a movement? What relation does it have to anything that is going on today? We find an answer in a recent issue of the London *New Statesman and Nation*:

The emigrations of man overseas are for the time being at an end. This is a startling and momentous fact of our epoch. It is not realized by one in a thousand of us; it is ignored by politicians and economists; it is denied, by grotesque implication, in the speeches and circulars of propagandists who constantly preach that it is our duty to encourage emigration to countries which no longer accept emigrants from Great Britain or anywhere else. Migration was a master fact of western civilization throughout the nineteenth century and until 1914. During the past decade it has been drastically limited in the entire English speaking world. In 1931 it has virtually ceased.

The period of explorations and settlements may rightly be looked upon as the first chapter in the story of the peopling of the United States. Other chapters have been added by the coming of the French, the Dutch, and the Swedes, and much later the Irish, the Germans, the Italians, the Russians, the Hungarians, the Greeks. The last chapter relates the story of the check to the tide imposed by a restrictive immigration policy on the part of the old settlers. The next chapter may contain an interesting story. Dr. Robert R. Kuczynski, in an address before the American Academy of Political and Social Science last year, said that in all probability the population of the United States will remain stationary after it has reached 150,000,000. It is now over 124,000,000. Thus, if this estimate is correct, our population will never be materially greater than it is now. Dr. Kuczynski's address, reported in the *Annals of the American Academy of Political and Social Science*, July, 1930, pp. 7-12, considers probable consequences of such a development.

**Later  
Chapters on  
Migration**

The student of world history comes time after time upon problems involving the relation of church and state. It was in the fourth century that the conversion of Constantine welded temporarily the interests of the two organizations at the expense of the independence of both. From that day to this the boundary of powers has not been certainly defined. In

**Medieval  
and Modern  
History  
Background**

the middle of the medieval period we see the Emperor Henry the Fourth humbling himself before Pope Gregory the Seventh at Canossa; near the dawn of the so-called modern age we find monarchs in northern Europe defying the authority of the head of the Church. Leaping across the centuries to 1931 we see nations embroiled in later phases of the old controversy.

The position which the Church should occupy in the state was one of the issues in the recent Spanish revolution. It is still an unsettled problem in that land. The dispute between Mussolini and the Pope is a contemporary manifestation of the age-old question of authority.

This Italian misunderstanding, which had its inception in the order of Mussolini of May 30 closing some 1,500 Catholic clubs depending on the Catholic Action, an organization designed to propagate Catholic principles, is over the control of youth in Italy. Both the Fascist régime and the Catholic Church vigorously contend that education lies within their own particular province. "Our duty is to teach," Mussolini once stated categorically, to which the Pope no less emphatically replied, "The mission of education belongs before all and in the first place to the church and the family."

**Church  
and State:  
Past and  
Present**

**SOME CURRENT BOOKS**

Of all the problems with which economics deals none is more urgent than that of unemployment. In these days of depression it thrusts itself upon the attention even of those who are not ordinarily concerned with economic issues. Unemployment is not to be regarded, however, merely as an incident of hard times. Rather it is an incident of modern industrial organization. It is present even in times of prosperity. This is emphasized in "The Problem of Unemployment," by Paul H. Douglas and Aaron Director.

The authors deal at length with technological unemployment, or unemployment produced by mechanical changes or developments in industrial organization. This subject has received much comment lately. Many people have assumed that an increasing number of workers would be jobless in the future because of the rapid

**An Economic  
Study: Un-  
employment**

extension of the use of labor-saving machinery. It has been argued that we are entering upon a new industrial epoch—one in which a large part of the working population will be in a hazardous situation. The authors do not share this view. While they are aware of the dislocations which come as a result of new methods in industry and while they recognize the seriousness of the problem, they point to evidence that these industrial developments give rise to new kinds of work at the same time that they render old positions obsolete. New inventions may throw glass blowers or brick layers out of work, but they give employment to thousands in automobile and moving picture industries and in many branches of personal service.

No sure-fire solution of the unemployment problem is provided by this book. It does, however, examine a number of measures which may be taken to lessen the ill effects from unemployment. Among these are the institution of employment agencies, the payment of a dismissal wage to those who must be relieved of their positions, together with their training for other kinds of work. There is a valuable discussion of unemployment insurance.

An interesting study of a war in the making is presented by Walter Millis in "The Martial Spirit." He tells the story of the Spanish American War. The most interesting contribution is the exposition of an aroused public opinion driving inevitably in the direction of conflict.

**Public  
Opinion  
and War**

He pictures the progress of the drama—the American people demanding concessions by Spain, the American president with his feet braced sliding in the direction of war rather than risking popular disapproval and party repudiation, a Spanish government anxious to avoid war but fearful of its own people if it granted too much, the final complete surrender by Spain, the refusal of Congress to accept a surrender which would deny the American people what they demanded—which was not so much the satisfaction of their demands, but war itself. This war, according to Mr. Millis, was to a considerable extent a product of sensational journalism. The book is therefore not only a study of war in the making but a study of public opinion—how it is developed and how it works.

In "When Antiques Were Young" Marion Nicholl Rawson throws a light upon the institutions of colonial New England by describing the intimate life of the people, their institutions and their customs. It is an unusual feature of this book that the story deals so largely with the materials used by the people, their tools and implements, utensils, ornaments and furnishings. The first chapter is devoted to "The Crane and its Cronies," and it describes the old-fashioned New England kitchen. There are other chapters on agricultural methods, games, domestic manufacturers, religious observances and other phases of life. Mrs. Rawson supplies in this book an interesting supplement to the more conventional historical treatments of early New England.

**Life in  
Early  
America**



THE PILGRIMS EMBARK  
An incident in one of those migratory movements by which America has been peopled.

From mural in the U. S. Capitol

THE MARTIAL SPIRIT. By Walter Millis. Boston: Houghton, Mifflin Co. \$4.00.  
THE PROBLEM OF UNEMPLOYMENT. By Paul H. Douglas and Aaron Director. New York: The Macmillan Co. \$3.00.  
WHEN ANTIQUES WERE YOUNG. Marion Nicholl Rawson. New York: E. P. Dutton and Co. \$5.00.



## FARMERS BADLY HURT BY THE FALL IN PRICES

(Concluded from page 1)

peoples everywhere. The result of all this may easily be guessed. In 1930 Americans sold abroad but 115,000,000 bushels of wheat. They are not at present selling much. What is happening to this surplus? It is accumulating—mounting higher and higher. In the year 1930-1931 the wheat produced in the United States exceeded domestic needs by 413,000,000 bushels. As we have said, 115,000,000 bushels were exported, but about 300,000,000 bushels were carried over as a surplus. Now comes the report from the Department of Agriculture that next year's crop will amount to 893,000,000 bushels. It is possible that after this crop is harvested there will be enough wheat in the country to last the nation a year if not another grain were produced during that time.

The United States government has tried to check the falling prices. Two years ago last summer the Federal Farm Board was organized and put into operation. It had a two-fold purpose. The encouragement of co-operative marketing organizations among the farmers was one object and the other was the stabilization of prices in time of emergency. The Board was given power through a subsidiary organization, the Stabilization Corporation, to buy any farm product if it should see fit. The object of this buying, of course, was to check the fall in price. The Board might hold its purchase for a higher price or dispose of it to better advantage than individual farmers could.

By way of carrying out this second purpose the Board went into the market and bought over 200,000,000 bushels of wheat. Its buying operations kept wheat in America above the world price for many months. It stopped buying the first of last June. Since that time the price of wheat has fallen disastrously.

### Farm Board Policy

The Board has not thought at any time that its buying of wheat could keep the price up permanently. The buying program was not looked upon as a way of keeping prices up if there should be a surplus from year to year. The buying policy was inaugurated at a time, according to members of the Board, when millions of bushels of wheat were mortgaged. Loans had been made on it and if the price should have fallen any more, the creditors, in order to save their investments, would have compelled the sale of the wheat. This would have thrown a vast amount of grain upon the market and the crash would have come months ago instead of only a few weeks ago. This is the Board's explanation of the venture in wheat buying.

A serious problem at present relates to the disposition which the Board is to make of the 200,000,000 bushels or so which it still holds. If it throws this wheat on the market the price will be still further depressed, but so long as it holds the wheat the storage charges amount to \$4,000,000 a month. Fur-

thermore, so long as this great hoard of wheat hangs over the market it will exert a depressing effect. The Board has announced that it will sell not more than 5,000,000 bushels a month. This will allow it to get rid of almost one-third of its holdings in a year. But even this gradual sale is fiercely opposed by the wheat farmers and those who represent their interests. They insist that the Board should withhold all of its supplies from the market until prices improve and to date this has been done.

Last month the question was raised as to whether some of the Board's wheat might be sold to Germany on long term credits, but nothing came of the suggestion. German wheat growers objected and so did the American farmers. Our

thing, should be done for the permanent relief of the wheat farmer is another question. Before we take it up let us look briefly at the cotton situation. It is similar to that of wheat. Here again we have a production greater than can be sold on terms which will pay the expenses of the growers. Stored away in the United States there are nearly 9,000,000 bales of cotton. The annual consumption of American cotton is eleven or twelve million bales, so if none were raised this year almost enough to satisfy the demand would be on hand. The Department of Agriculture's estimate made last month, however, was that the present crop would amount to 15,584,000 bales—the largest crop in five years.

to a normal measure of prosperity? The Federal Farm Board has insisted throughout that production of wheat and cotton should be curtailed. They insist that the only way a fair price can be insured is for the farmers to keep production down to an amount which can be sold. They advise the farmers to sow less wheat and to plant less cotton. But how can such advice be made effective? No farmer will reduce his acreage merely in order to increase the price, if he thinks that other producers may have as large crops as ever. The Farm Board appears to hold that if, through its encouragement, the farmers should establish strong co-operative marketing associations these associations might induce the farmers to curtail production.

But if the farmers in the wheat states sow less wheat, and if in the cotton belt less cotton is planted, what crops could be substituted? Mr. E. J. Bell, Jr., Acting in Charge of the Grain Section, Division of Co-operative Marketing, of the Federal Farm Board, frankly admits that no definite and certain answer can be given to that question. He makes this significant statement:

When we face the necessity of pointing out just what adjustments should be made, where and to what extent they are practicable, we find ourselves lacking in specific information. Further analysis is needed to show the types of farming best adapted to the various regions. Growers in different areas of the United States often say that wheat acreage reduction is a fine idea but that farmers in some other region should reduce first. Actually the responsibility rests not with one region but with all. Concerted effort is essential if needed adjustments are to be effected. There are, however, few cases in which the information at hand will show accurately how far each particular area should go in curtailing production.

### The Future

There is a considerable body of opinion which holds that farm prices are not likely to rise again so that farmers holding to the usual methods of agriculture can make profits. Representative of this opinion is Walter B. Pitkin of Columbia University, who says in the August *Forum*:

Thoughtful farmers and business men who deal with farmers begin to see that America can hold its own in the market tomorrow only by matching Russia's fifty cent wheat with Kansas' fifty cent wheat. Prices of everything that can be produced with tractors far more powerful than the largest now in service and through organization methods analogous to those in the finest factories will decline during the next generation. Along with wheat we shall behold all field crops becoming cheaper year after year. . . . In the face of such a situation the American farmer has only two courses open as a matter of straightforward economic practice. He may go the way of the coolie or the way of the corporation. By the first route he competes against fifty cent wheat by drudging fourteen hours a day, eating boiled potatoes and cold beans, driving his family into the fields along with his mules, and dying of overwork at forty. By the second route he exchanges his farm for stock and bonds issued by the Consolidated Golden Acres, Inc., which concern rips out all his fences, burns his old sheds, sells his tiny tractor and implements as junk and at one bold sweep tills ten townships.

Needless to say these alternatives are not accepted as final by the majority of the wheat and cotton farmers or by their representatives in Congress and in the press. The agriculturalists are grimly determined to save their homes, their standards of living and their traditional methods of operation. They are busy with programs of relief. Political issues are sharpening, but of all that more later.



© Galloway

### WHEAT HARVESTS, OLD AND NEW

Changing methods of farming have contributed to the increasing production of grain. An old-fashioned sickle is shown in the insert at the left, while in the center is a picture of a modern combine reaping and threshing the grain in a single operation.

There is a prospect, therefore, of a supply of 24,000,000 bales. It was the announcement of this estimate as to the year's crop which sent the price crashing down to seven cents.

The Federal Farm Board has bought cotton as well as wheat. It now holds 1,300,000 bales which it bought at sixteen cents a pound. Co-operative marketing associations hold 1,700,000 bales. What shall be done with this surplus? This is a problem similar to that relative to the disposition which shall be made of the Farm Board's wheat. The cotton farmer is even more dependent on the demand of foreign nations for his product than is the wheat farmer, for a larger part of the crop is sold abroad. The best market for cotton is Great Britain, for the British manufacture a great quantity of cotton yarns and cloths. This manufacturing business has been seriously hurt, however, by the depression. The export from Britain of yarns and cloths has fallen fifty per cent since the year 1928-1929. The result is that the British are consuming 37 per cent less raw cotton than they did two years ago. Add to this the fact that cotton raised in India is being improved in quality so that it comes in increasing competition with American cotton, and the further fact that Russia is becoming more prominent in the cotton market and we get a glimpse of the serious situation which confronts the American cotton grower.

### Substitute Crops

These surpluses of wheat and cotton give rise to a baffling political and economic problem. How may the producers of these commodities be restored

wheat raisers contended that if the Germans were to buy our wheat it should be wheat bought directly from the farmers. They said that the Farm Board should not compete with them for the market. Another suggestion which is being seriously made is that the Board should dispose of part of its surplus to China for the relief of the millions there who are in danger of starvation. There is not the opposition to the disposal of wheat to China that there was to its sale by the Board to Germany. "Wheat that is sent to the starving millions in China," says the *New Orleans Item*, "goes to people who wouldn't be in the market for it on any other terms. In other words, they are not prospective customers of ordinary traders."

A few days ago a deal was made by which, without the exchange of money, American wheat held by the Farm Board was exchanged for Brazilian coffee. Concerning this transaction the *Kansas City Star*, in the heart of the wheat belt, says:

Credit goes to the Federal Farm Board for its enterprise in arranging the exchange. The transaction ought not to interfere with the export trade in new wheat, for Brazil would not have the money to buy the wheat, and so would not have been in the market.

### The Cotton Situation

Even if the Farm Board's supply of wheat should be disposed of the wheat price problem would remain, for there is a large and apparently growing surplus in the country without the Board's 200,000,000 bushels. What, if any-



## Advance Is Made In City Planning

Increased Interest Is Observed In Community Beautification

The increased interest of American municipalities in their physical appearances is reflected in a recent report of the Bureau of Standards. The Division of Building and Housing of that bureau has announced that within the past two years, 95 new planning commissions have been appointed in the United States, bringing the total of such bodies up to 786. It is further pointed out that many of the new commissions were appointed in small towns and villages where greater opportunity for community planning is possible than in the great cities that have grown up during the past two generations.

The purpose of planning commissions is to assist in the charting of streets and subdivisions along such lines as will provide the least congestion and the greatest beauty. They plan, and to some extent, control the future lines of development of our municipalities, making adequate provision for parks, playgrounds, and public works. Public and private development thus averts the haphazard growth that has characterized the expansion of American cities in the past.

A report of one of the committees of the American Institute of Architects last year stated in part:

The smaller cities of the country, even the small towns, need major street plans and other comprehensive plans as badly as the big metropolitan areas. Everywhere the increased use of the automobile, demand for traffic relief, for airports, parks, and new and enlarged business centers is requiring enormous changes, particularly in the widening of streets laid out for a horse-drawn era.

Los Angeles has at last won its fight against the railroads whose lines run through that city. For twenty years Los Angeles has insisted that the Southern Pacific, the Union Pacific, and the Santa Fé combine in the erection of a union station. The city has also demanded the abolition of a score of grade crossings that have long endangered the lives of its citizens. This the three railroads refused to do, denying that Los Angeles or the State of California had the right to compel such action. The expenditure involved in carrying out the wishes of the city would have cost the railroads an estimated total of from 20 to 30 millions of dollars. Following the refusal of the railroads, the case was brought up before the United States Supreme Court three successive times. Los Angeles has been upheld in every one of its major contentions and it appears at the present time that the latest decision has cleared the way for immediate work.

In addition to this railroad work Los Angeles has a number of other building plans that it intends to push through during the approaching fall and winter. These include a \$9,000,000 Federal building, a \$15,000,000 county administration building, a \$3,000,000 state building, a \$6,000,000 sewer extension, and a street, tunnel, and bridge extension program that runs into many more millions.

These projected structures are all part of a general plan for the further beautification of Los Angeles. The accompanying illustration is an example of the new type of architecture which can be found in Los Angeles, a type which led Lillian Symes to write in a recent issue of *Harper's*—

Beauty and Enterprise are indeed the keystones of that Greco-American civilization of which Los Angeles is now the capital.

Fortunately this extensive building program comes at a time when there are many unemployed workers in Los Angeles. It is expected a large number of these will be absorbed in the construction work which will probably begin in the fall and continue through the winter.

### AN INSURANCE PROGRAM

In the city of Rochester, New York, 14 manufacturers, whose employees represent one-third of the working population of the city, have concentrated their efforts upon a plan which is hoped will stabilize employment in Rochester. It is a system of unemployment insurance in which the employers contribute 2 per cent of their payrolls to a general fund during periods of normal business conditions. The workers make no contributions until an emergency is declared, as during a depression, at which time they add one per cent of their weekly earnings to the general fund, this same sum being duplicated by the employers.

The employee, in order to be eligible for the benefit under this plan, must have been working for his company for a period of not less than one year, nor must his earnings be in excess of \$50.00 a week. The amount of benefit to which the worker is entitled does not exceed 60 per cent of his average weekly earnings, the maximum to which he is entitled being \$22.50. This money will be received by the worker for a period of from 6 to 13 weeks, depending upon length of service.

### PRISON REFORM PROGRESS

One of the reports issued by the National Committee on Law Observance and Enforcement, otherwise known as the Wickersham Commission, severely criticized the prisons of the United States, charging that conditions were "almost incredible," that our prison system "does not reform the criminal," nor does it protect society. The report further stated that—

there is reason to believe that it contributes to the increase of crime by hardening the

criminal. . . . The prison has failed as an educational institution. . . . The prison has failed as a disciplinary institution. . . . The riots, the fires, the use of cruel and brutal measures of punishment, the persistent recurrence of murder within the prison, the frequent atmosphere of hate and bitterness, are sufficient evidence.

In addition to making these and other charges, the Wickersham Commission submitted a number of recommendations for improving and humanizing our prisons.

From the New York State Department of Correction there now comes the statement that it has already put into effect "a great many, if not all" of the recommendations made by the Wickersham Commission to President Hoover. Although such buildings as one may find at Auburn, Clinton, and Sing Sing are quite old, varying in age from 60 to 100 years, extensive plans are under way for their modernization. The unsanitary type of cell found in penal institutions that have been roundly scored by the Wickersham report is being replaced in New York by new ones that are fitted with running water and toilet facilities. Again, following the suggestions laid out by the Wickersham committee, prisoners who give evidences of tuberculosis, insanity, drug addiction, and venereal disease are segregated.

A new and improved educational system will soon replace the outgrown school program now being given in New York prisons. In addition to this, prisoners are studied individually through a classification clinic which then provides them with the treatment best suited in their cases. A wage system for prisoners has been added, brutal treatment by guards is not tolerated, and a full time parole commission has been provided for.

Word comes from Chicago that city leaders there are alarmed over prospects of distress among the unemployed next winter. Five million dollars were contributed last winter, but the official estimate for this winter is \$8,800,000. How the money is to be raised is a question. Mayor Cermak is reported to believe that federal aid is necessary and state officials may join Governor Pinchot of Pennsylvania in asking for a special session of Congress.

## Wisconsin Passes New Labor Law

United States Supreme Court Has Declared Similar Laws Invalid

A new labor code law has gone into effect in Wisconsin. It is hailed by those in the labor movement and their sympathizers as a "striking piece of legislation, important both in itself and as a precedent." One provision of the law deals with the so-called yellow dog contracts.



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A yellow dog contract is an agreement between an employer and employee by which the worker promises that during the period of his employment he will not join a labor union. It is used by employers to check unionization and it accomplishes the result quite effectively. Several years ago the Kansas legislature, believing such contracts to be contrary to the public interest, passed a law similar to that just enacted by Wisconsin. The Supreme Court held the law unconstitutional on the ground that it impaired freedom of contract. Hope for the Wisconsin law depends either upon its being somewhat different in content from the Kansas law or upon the possibility that the Supreme Court as now constituted may reverse its former decision.

This labor law also proclaims that it is legal for workers to organize in their own interests, to strike, to assemble, to speak in public and to picket peacefully, singly or in numbers. And it contains a provision relative to the use of the injunction in labor disputes. The legislation was advocated by Governor La Follette. It is in keeping with the principles of progressivism which have been upheld by the La Follette family; the late Senator Robert M. La Follette and his sons, Senator Robert M. La Follette, Jr., and Governor Philip La Follette. This brand of progressivism, long dominant in Wisconsin, has maintained an active interest in workers and labor legislation.

### THE THIRD DEGREE

The District of Columbia is stirred by an agitation concerning police methods. It is said that officers have practiced brutality in extorting confessions from persons accused of crime. They have resorted to torture, according to the charges, or to the practice known as the "third degree." The United States Department of Justice is conducting an investigation of the charges. President Hoover, in authorizing the investigation made a comment which, owing to the fact that similar charges are made against police officers in many parts of the country, may prove interesting. The President said:

It is always possible that occasional individuals may have overstepped the law and humanity in treatment of criminals and those charged with crime and, if so, they should be severely punished. But even in such charges the police should not be prejudged on the allegations of criminals themselves, although accused of crime. There is too much tendency on the part of some people to forget the devoted work of the police, to forget the safety of society and victims of criminals out of sympathy with criminals themselves.

### PRONUNCIATIONS

Machado (ma-chah'do), Laval (la-vahl'), Brüning (bru'ning—u somewhat as in tune), Yangtse (yang'tsee), Pinchot (pin'chot.)



THE LOS ANGELES CITY HALL

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